

**MINUTES OF THE
JOINT PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE MEETING
THURSDAY, FEBRUARY 5, 2004
ROOM 129, STATE CAPITOL BUILDING**

Members Present: Sen. Howard Stephenson, Co-Chair
 Rep. Gordon Snow, Co-Chair
 Sen. James Evans
 Sen. Karen Hale
 Sen. Lyle Hillyard
 Sen. Bill Wright
 Rep. Doug Agard
 Rep. Duane Bourdeaux
 Rep. Judy Ann Buffmire
 Rep. LaVar Christensen
 Rep. David N. Cox
 Rep. Marda Dillree
 Rep. Glenn Donnelson
 Rep. James Ferrin
 Rep. Karen Morgan

Members Excused: Rep. John Dougall

Staff Present: R. Michael Kjar, Sr. Fiscal Analyst
 Ben Leishman, Legislative Analyst
 Katrina Yarrington, Secretary

Public Speakers Present: Steven Laing, State Superintendent, State Office of Education
 Lee Robinson, Superintendent, Utah Schools for the Deaf and the
 Blind
 Wayne Welsh, Auditor General, Office of Legislative Auditor
 General
 John Schaff, Deputy General, Office of Legislative Auditor General
 James Behunin, Audit Supervisor, Office of Legislative Auditor
 General
 Kade Minchey, Auditor, Office of Legislative Auditor General
 Brenda Rowley, citizen
 Stephanie Carlson, citizen
 Kim Burningham, Chairman, Utah Board of Education

A list of visitors and a copy of handouts are filed with the committee minutes.

Committee Co-Chair Stephenson called the meeting to order at 2:18 p.m.

1. USDB Audit Presentation - Jim Behunin, Audit Supervisor, Office of Legislative Auditor General, detailed the report they handed out showing the results of the 2003 audit. He first highlighted the three things (listed below) that the committee asked them to focus on during the audit.

- (1) What is the cause of the large year-end balances reported by the USDB?
- (2) Are the teachers at the USDB receiving all of the funds appropriated by the Legislature for salaries and benefits?
- (3) Is the school generally well managed?

- USDB's Actual Non-lapsing Balance on July 1, 2003. Instead of the \$510,000 deficit reported by the USDB, they actually had an \$846,000 surplus at the beginning of FY2003.

- The appropriation for the FY 2003 salary adjustment was \$26,620 higher than was needed to provide teachers the required 6.08 percent salary increase. The USDB was appropriated \$463,600 for its teacher's annual salary adjustment. However, only \$436,980 was needed to give teachers the required 6.08 increase, there remained an additional \$26,620 which was applied to the USDB general budget.

The Auditor General's Office gave the following recommendations:

- We recommend the USDB use the contingency fund as it was intended to supplement operation during year of budget shortage.
- We recommend the federal reimbursement funds (IDEA and Medicaid) be recovered at least quarterly during the year instead of waiting until the next fiscal year to recover the full amount.
- We recommend that the Utah State Board of Education define the appropriate use of USDB's Trust Land Funds so that there will be no misunderstanding regarding any restrictions placed on the use of those funds.
- We recommend that the process described in *Utah Code* 53A-25-111 be followed: (1) the State Board of Education must oversee the process of adjusting teacher salaries at the USDB and formally approved the salary adjustment, (2) the salary adjustment must equal the weighted average of the annual salary increases paid by the public school districts, and (3) the teachers must receive a benefit package that is comparable to those paid to other state employees.
- We recommend that the finance director at the USDB review the calculations used to determine the annual teacher's salary adjustment and attest to the accuracy of the proposed adjustment.
- We recommend that the proposed annual salary adjustment and the data used to calculate the annual salary adjustment be presented in a report as a part of the USDB's annual budget proposal. The report should be presented for review by the Utah State Board of Education,

the State Office of Education, and Legislative Analyst.

- We recommend that if benefits are left out of a future appropriation, than the USDB should request a supplemental appropriation during the next special session or general session of the Legislature.
- We recommend that the USDB develop a spending plan and use this to govern their excess funds.
- We recommend that when a new finance director is selected the selection committee should consider a person with the experience, education, and training needed to navigate the complex finances of the USDB.
- We recommend that performance measures be instituted to track the progress of USDB students.
- We recommend that State Board of Education provide more oversight, of the Legislature develop a body that can provide sufficient oversight.
- We recommend that the Legislature consider placing fiscal management under the USOE.
- We recommend that the USDB utilize the IEP's when making decisions regarding the allocation of school resources.

There was extensive discussion among committee members and Auditor's Office staff about information detailed in the audit handout.

2. Agency / Public Comment- Lee Robinson, Superintendent, Utah Schools of the Deaf and the Blind, gave a response presentation with Steve Laing, State Superintendent, Utah Office of Education, assisting.

There were many questions and comments made by members of the committee that were concerned about the money appropriated for the USDB, and how it was being used.

MOTION: Rep. Morgan moved that Mr. Laing bring back to the committee, at the next meeting, recommendations on administrative personnel changes at USDB.

After discussion on the motion, Rep. Morgan made a motion as follows:

MOTION: Rep. Morgan moved that the committee request of Mr. Laing and State Board of Education that they consider, personnel changes in the administration of the USDB, and to come forward, in a timely manner, with the other things that they had already indicated they would do in the letter, and that it be signed by the State Board of Education.

The motion passed unanimously with Sen. Hillyard, Sen. Wright, and Rep. Christensen absent for the vote.

MOTION: Rep. Ferrin moved to reconsider the previous motion.

The motion passed unanimously with Sen. Evans absent for the vote.

MOTION: Rep. Ferrin moved to amend the previous motion to say that the recommendations get to the committee in a timely fashion, but no later than March 31st, 2004.

The motion passed unanimously with Sen. Evans and Sen. Hillyard absent for the vote.

MOTION: Rep. Buffmire moved to adjourn.

Co-Chair Stephenson adjourned the meeting at 4:00 p.m.

Minutes reported by Katrina Yarrington, Secretary.

Sen. Howard Stephenson, Committee Co-Chair

Rep. Gordon Snow, Committee Co-Chair